

For owner-occupied units, the carrying costs of the unit (taxes, mortgage, insurance, homeowner's association fees, including the rehabilitation repayment loan) should meet State criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

B. Program Area

This is a municipal-wide program. The rehabilitation property must be located in the Township of South Brunswick, New Jersey.

C. Substandard Housing

The purpose of the program is to bring substandard housing up to code. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating
4. Electrical
5. Sanitary plumbing (including septic systems)
6. Load bearing structural systems
7. Lead paint abatement
8. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

Code violations must be determined by an inspection conducted by a licensed inspector.

SECTION II. AVAILABLE BENEFITS

A. Program Financing

The affordable housing rehabilitation program is a loan program providing interest free loans of up to \$10,000 to qualified owners for improvements to eligible owner-occupied affordable housing units. Program staff will make a determination of the actual amount available for any specific project based upon the proposed work requested by the applicant, estimates to complete the work and whether the work will bring otherwise substandard housing up to code.

Funding for the unit will be secured through a lien in the form of a Restrictive Covenant and Mortgage in favor of South Brunswick Township that is recorded with the Middlesex County Clerk.

B. Program Affordability Controls

Ten-year controls on affordability on the affordable housing units are required.

The controls on affordability will be in the form of a ten year, no interest loan that shall act as a lien on the property. The lien will be recorded with the Middlesex County Clerk. South Brunswick may forgive the loan after ten (10) years and require no repayment, but if the unit is

vacated for any reason before the ten (10) years has expired, such as because of a sale of the unit, the death of the owner, or foreclosure of the unit, the loan will become due and payable. Should the owner die before repayment and/or expiration of the loan period, the balance of the loan will be due at the time of the settlement of the estate. However, if the household inheriting the unit is income eligible and agrees to occupy the unit as their primary residence, the terms of the funding agreement may be transferred to the inheriting household.

SECTION III. ELIGIBLE PROPERTY IMPROVEMENTS

A. Eligible Improvements

Affordable Housing rehabilitation funds may be used only for repairs or system replacements necessary to bring a substandard unit into compliance with all health, safety and building codes, or to correct applicable code violations. Incidental cosmetic work that is reasonable and deemed necessary or is related to the necessary repairs may also be included.

At least one major system must be replaced or included in the repairs, which include one of the following:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Lead paint abatement
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

Incidental cosmetic work related to the major system may include, but is not limited to, the following:

- Interior trim work
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatments
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for program funding includes, but is not limited to, luxury improvements (improvements which are strictly cosmetic), additions, conversions (basement, garage, porch,

attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools and landscaping. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. Rehabilitation work performed by property owners (i.e. “do-it-yourself” projects) shall not be funded under this program.

C. Rehabilitation Standards

Upon rehabilitation, housing deficiencies shall be corrected and the unit shall comply with the New Jersey State Housing Code, N.J.A.C. 5:28. For construction projects that require the issuance of a construction permit pursuant to the Uniform Construction Code, the unit must also comply with the requirements of the Rehabilitation Subcode, N.J.A.C. 5:23-6. In these instances, the more restrictive requirements of the New Jersey State Housing Code or the Rehabilitation Subcode shall apply. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

D. Certification of Standard

All code deficiencies must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C above upon issuance of a certificate of completion or occupancy. The licensed inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

E. Emergency Repairs

A situation relating to an imminent safety and/or health hazard for the occupants would constitute an emergency. A licensed inspector must confirm the need for such work. In emergency cases, the formal solicitation process will not be followed. A minimum of three (3) estimates will be obtained when possible for the “emergency” work. However, eligibility, as stated in Section I, must be determined prior to soliciting estimates. Application for additional non-emergency work may be made in accordance with the procedures outlined in this Operating Manual. The funding for the emergency work and any additional rehabilitation funding received may not exceed the maximum program financing provisions shown in Section II.

SECTION IV: OVERVIEW OF ADMINISTRATIVE PROCEDURES

A. Application/Interview

Property owners interested in participating in the affordable housing rehabilitation program may submit applications to the program staff. Applications are available at:

**South Brunswick Township
Affordable Housing Office
Municipal Building
540 Ridge Road
Monmouth Junction, New Jersey 08852**

Applications are also available on the Township's website at www.sbtnj.net or by calling the Affordable Housing Office at 732-329-4000 x7219 or x7220. Upon request, the program staff will mail an application to an interested property owner.

If, after the program staff reviews the application, an owner-occupant appears to be income eligible and the proposed work appears to qualify for the program, an interview will be arranged with the applicant for a formal review of the application and determination of qualification for the program. At the time of the interview, the applicant must present all required documentation as set forth in this manual or as otherwise may be required by the program staff.

Applications will be processed in the order they are received by the Affordable Housing Office. Only emergency situations shall be handled out of the order of receipt.

South Brunswick's Affordable Housing Office may alternatively provide for a random selection process where there are numerous applications for funding and/or limited funds are available in the program.

B. Income Eligibility and Program Certification

For households seeking a determination of income eligibility, all wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below.

Applicants must provide the following:

- Copy of the deed to the property.
- Proof that property taxes and water and sewer bills are current.
- Proof of property insurance, including liability, fire and flood insurance where necessary.
- All documents required in Section V of this manual.

If, after review of the income documentation submitted, an applicant is determined to be eligible for the program, an Eligible Certification Form will be completed and signed, certifying the applicant's eligibility. Eligibility will remain valid for six (6) months from the date of the Certification. If the applicant has not signed a contract for rehabilitation within six (6) months of the date of the Eligible Certification Form, the applicant will be required to reapply for certification.

If, after review of the income documentation submitted, an applicant is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant may be determined ineligible if the applicant's gross household income exceeds State income limits or if the carrying costs of the unit (taxes, mortgage, insurance, homeowner's association fees, including the rehabilitation repayment loan) exceed the State's criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

C. Substandard Housing Certification/Inspection

Once an applicant is determined to be eligible to participate in the program, the applicant must provide to the Township three (3) written estimates from licensed contractors, showing the work that will be done to the property.

At least one major system must be shown to be substandard. All required repairs to correct the deficiencies must be identified in the contractors' estimates.

The Township will review the written estimates and determine if the proposed work meets the requirements of the program. If so, a Substandard Housing Certification form will be issued by the Township. If the Township is unable to determine from the written estimates whether the proposed work meets the requirements of the program, the Township may perform an inspection of the property. Applicants are required to permit the Township inspector access to the property during reasonable hours to make such inspection. A failure to permit the Township access to the property for such an inspection may cause the applicant to be rejected from the program.

D. Ineligible Properties

If, after review of the property documentation, written estimates for repairs and any inspection of the property, an applicant's property is determined to be ineligible, the program staff will send a letter delineating the reasons for the determination of ineligibility. An applicant's property may be determined ineligible for any one of the following reasons:

- Title search is unfavorable.
- Property does not need sufficient repairs to meet eligibility requirements.
- Real estate taxes and/or water and sewer charges are in arrears.
- Proof of property insurance not submitted.
- Property is listed for sale.
- Property is in foreclosure.
- Total debt on the property will exceed the value of the property.
- There are insufficient funds available to correct substandard condition or correct code violations.

If, after review of the property documentation, written estimates for repairs and any inspection of the property, an applicant's property is determined to be eligible, the Township will certify that the dwelling is substandard by completing and signing the Certificate of Substandard Housing Form.

E. Cost Estimate

The program staff will prepare or cause to be prepared a Work Write-up and Cost Estimate. This estimate will include a breakdown of each major work item by category as well as by location in the house. It will contain information as to the scope and specifics on the materials to be used. A Cost Estimate will be computed and included within the program documentation. The contractor proposing the lowest price for completion of the required repairs shall be approved for the work, unless good cause exists to award it to a contractor proposing a higher price. The program staff will review the Work Write-up with the property owner.

Only required repairs to units occupied by income eligible households will be funded through the affordable housing rehabilitation program.

If the Work Write-up and Cost Estimate indicate that the necessary repairs will exceed the \$10,000 cap on funding, the applicant must provide proof that there are sufficient funds from other sources to complete all of the necessary repairs. The proposed work may be rejected if there are insufficient funds available to complete the required repairs.

F. Contractor Authorization

After the property and the property owner have been certified as eligible, the program staff will authorize completion of the work by the approved contractor. This authorization shall be in writing and sent to both the applicant and the selected contractor.

G. Contract Signing/Pre-Construction Conference

The Contractor Agreement will be prepared by the contractor and executed by and between the property owner and the contractor. The Property Rehabilitation Agreement covering all the required terms and conditions of the rehabilitation loan shall be prepared by the Township and executed by and between the property owner and the Township.

The program staff will then call a Pre-Construction Conference. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s), Property Rehabilitation Agreement with a Restrictive Covenant, Mortgage and Mortgage Note. The property owner, program staff representative and the contractor will execute the appropriate documents and copies will be provided as appropriate. A staff member will outline project procedures to which property owner must adhere. A Proceed to Work Order, guaranteeing that the work will commence within fifteen (15) calendar days of the date of the conference and be totally completed within ninety (90) days from the start of work, must be signed by each contractor at this Conference.

H. Progress Inspections

The program staff and/or Township inspectors will make periodic inspections to monitor the progress of property improvements. This is necessary to ensure that the ongoing improvements are in accordance with the scope of work outlined in the Work Write-up. It is the contractor's responsibility to notify the Code Enforcement Office and obtain all permits, inspections and approvals as required by the Uniform Construction Code.

I. Change Orders

If it becomes apparent during the course of construction that additional repairs are necessary or the approved repairs need to be revised or amended, the applicant and the contractor shall advise the program staff and prepare a change order request describing the additional work to be done and the reason why such additional work is needed. The applicant and the contractor will review the change order with the program staff and agree on a price. Once all parties approve of the change order and agree on the price, they will sign documents amending the Contractor Agreement to include the change order. Additionally, if the applicant is not funding the additional cost, new financing documents will be executed by the property owner and the Township reflecting the increase.

J. Payment Schedule

The contract will permit three progress payments if the project costs \$7,500 or less or four progress payments if the project costs more than \$7,500. For example: \$10,000 project has four payments, with the first payment of \$4,000 and the remaining payments are divided equally. First payment is made when the project is one-quarter completed; second payment is made when the project is one-half completed; third at three quarters completed; fourth and final payment upon completion.

The contractor will submit a payment request pursuant to the payment schedule. The applicant will sign a payment approval if both the applicant and the Township's housing/building inspector are satisfied with the work performed. The Township will then release the payment directly to the contractor. In the event either the applicant or the Township determine that the work has been done in an unsatisfactory manner, payment may be delayed and/or suspended until the work is satisfactory to both the applicant and the Township. In the event of a dispute between the parties as to whether the work is satisfactory, the Township's determination will be final.

K. Appeal Process – Property Improvements

If an applicant wishes to contest a payment that the Township has approved, or a contractor wishes to contest a payment that the Township has suspended, the disputed payment may be appealed to the Township Manager for a hearing. Any such appeal must be filed in writing with the Township Manager within fourteen (14) days of the Township's decision to either approve or suspend the payment. A copy of the written appeal must be filed with all parties. The Township Manager will decide if the payment shall be released to the contractor or the contractor must complete additional work or correct work completed before the release of the payment. The Township Manager's decision will be binding on both the applicant and the contractor.

L. Final Inspection

Upon notification by the contractor that all work is complete, and where required a Certificate of Completion/Occupancy has been issued, a final inspection shall be conducted. The program staff (or a representative), the property owner, and the necessary contractors shall be present at the final inspection to respond to any final punch list items.

Final payment will be released once all final inspections are made, a Certificate of Completion/Occupancy is issued (if applicable) and the program staff receives a Property Owner Sign-off letter.

M. Record Restricted Covenant and Loan Documentation

Program staff will file the executed Restrictive Covenant and Mortgage with the Middlesex County Clerk. A copy of the recorded documents shall be provided to the property owner once filed with the County.

N. File Closing

After the final payment is made and recorded documents are received from the County, the applicant's file will be closed by the program staff.

SECTION V: PROCEDURE FOR INCOME-ELIGIBILITY CERTIFICATION

A. Complete a Household Eligibility Determination Form

Income verification documentation should include, but is not limited to, the following for each and every member of a household who is 18 years of age or older:

- Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or, if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- Copies of Federal and State income tax returns for the preceding tax year. If self-employed, copies of Federal and State tax returns for each of the preceding two (2) tax years must be submitted. A Form 1040 Tax Summary for past tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.
- A letter or appropriate reporting form verifying monthly benefits such as:
 - Social Security or SSI – Current award letter or computer print out letter
 - Unemployment – verification of Unemployment Benefits
 - Welfare -TANF current award letter
 - Disability - Worker's compensation letter
 - Pension income (monthly or annually) – a pension letter
- A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court.
- Current reports of savings and checking accounts (bank statements and passbooks) and income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates).
- Evidence or reports of income from directly held assets, such as real estate or businesses.
- Interest in a corporation or partnership – Federal tax returns for the preceding tax year(s).

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

Income

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions

5. Social security
6. Unemployment compensation (verify the remaining number of weeks of eligibility)
7. TANF
8. Verified regular child support
9. Disability income
10. Net income from business or real estate
11. Interest income from assets such as checking and savings accounts, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
13. Any other forms of regular income reported to the Internal Revenue Service

Not Income

1. Rebates or credits received under low-income energy assistance programs
2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
10. Part-time income of dependents enrolled as full-time students
11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months.

Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

Income from Real Estate

If real estate owned by an applicant for an affordable housing rehabilitation loan is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the program staff should determine the imputed interest from the value of the property. The program staff should deduct outstanding mortgage debt from the current market value of the property.

Based on current money market rates, interest will be imputed on the determined value of the real estate.

B. Records Documenting Household Composition and Circumstances

The following are various records for documenting household information:

- Social Security records or cards. Either individual Social Security card or letter from Social Security Administration
- Adoption papers, or legal documents showing adoption in process
- Income tax returns
- Birth Certificate or Passport
- Alien Registration Card

C. Certify the Household Income Eligibility

The income eligibility of low- and moderate-income households shall be reviewed and, if eligible, certified by the program staff, once all required documents and information is supplied. The original of the certification shall be provided to the household, with a copy kept in the project files.

SECTION VI: CONTRACTOR RELATED PROCEDURES

A. Contractor Selection

Contractors submitting estimates for work proposed under the affordable housing rehabilitation program must submit references from at least three recent general contracting jobs. Contractors also must submit documentation proving financial stability. Contractors must provide proof that they carry workmen's compensation coverage and liability insurance of at least \$100,000/\$300,000 for bodily injury or death and \$50,000 for property damage. Only licensed tradesmen will be permitted to perform specialty work such as plumbing, heating and electrical.

B. Number of Proposals Required

The property owner will select a minimum of three (3) general contractors to provide written estimates of all work proposed. The contract will be awarded to the lowest bidder unless good cause is shown to award the contract to a contractor proposing a higher price. The Township shall make the final determination of which contractor is awarded the contract.

C. Contractor Requirements

Upon notification of selection, the contractor shall submit all required insurance certificates to the program staff. A Contract Signing/Pre-Construction Conference will be scheduled by the program staff to be attended by the property owner and contractor. At the time of execution of the Contractor Agreement, the contractor shall sign a Proceed to Work Order prepared by the program staff.

The Contractor shall adhere to all of the requirements set forth in Section IV of this manual.

SECTION VII: MAINTENANCE OF RECORDS

A. Files To Be Maintained on Every Applicant

The program staff will maintain files on every applicant. All files will contain a copy of the application. If an application is approved, the file will contain at a minimum:

- Application Form
- Income Verification
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility

B. Files of Approved Applicants

Files of applicants approved for the program will also contain the following additional documentation:

- Housing inspection report
- Photographs – before (if any)
- Certification of Property Eligibility or Determination of Ineligibility
- Proof of homeowners insurance
- Copy of deed to property

C. Files of Approved Repairs

For properties determined eligible for the program where the applicants choose to have repairs completed, the files shall contain the following additional documentation:

- Work Write-up and Cost Estimate
- Copies of estimates
- Contractor Agreement signed by the applicant and the contractor
- Recorded mortgage/lien documents
- Copies of all required permits
- Contractor requests for progress payments
- Progress payment inspection reports
- Progress payment vouchers
- Change orders (if needed)
- Final inspection report
- Property owner sign-off letter
- Photographs – after (if any)
- Certification of Completion/Occupancy

Individual files will be maintained throughout the process.

D. Monitoring Information

A rehabilitation log will be maintained by the program staff that depicts the status of all applications in progress and completed.

For each unit the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Occupant
- Income: Very Low/Low/Moderate
- Final Inspection Date
- Funds expended on Hard Costs
- Development Fees expended
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs)
- Date Affordability Controls removed/expired
- Reason for removal of Affordability Controls

SECTION VIII: PROGRAM MARKETING

South Brunswick Township will make various forms of public announcements, advertising the availability of the affordable housing rehabilitation program. For the term of the program, the municipality will include flyers once a year with the Annual Mailing of the Affordable Housing Regulations for Ownership Units. Program information will be available at the Municipal Building, Library and Senior Center and on the municipal website. Posters regarding the program may also be placed in retail businesses throughout the municipality.

Affordable Housing Rehabilitation Program Audit Checklist

	UP-TO-DATE OPERATING MANUAL	Comments
<input type="checkbox"/>	Income Limits	
<input type="checkbox"/>	Sample Forms and Letters	
	MAINTENANCE OF RECORDS	
<input type="checkbox"/>	Files To Be Maintained on Every Applicant	
<input type="checkbox"/>	Application Form	
<input type="checkbox"/>	Income Verification	
<input type="checkbox"/>	Certification of Eligibility or	
<input type="checkbox"/>	Letter of Determination of Ineligibility	
<input type="checkbox"/>	Files to be Maintained on Approved Applicants	
<input type="checkbox"/>	Housing Inspection Report	
<input type="checkbox"/>	Photographs – Before (if any)	
<input type="checkbox"/>	Certification of Property Eligibility or Determination of Ineligibility	
<input type="checkbox"/>	Proof of Homeowner's Insurance	
<input type="checkbox"/>	Property Deed	
<input type="checkbox"/>	Files to be Maintained on Approved Repairs	
<input type="checkbox"/>	Work Write-Up/Cost Estimate	
<input type="checkbox"/>	Copies of estimates	
<input type="checkbox"/>	Contractor Agreement signed by property owner and contractor	
<input type="checkbox"/>	Mortgage/Lien Documents	
<input type="checkbox"/>	Copies of all required permits	
<input type="checkbox"/>	Contractor Requests for Progress Payments	
<input type="checkbox"/>	Progress Payment Inspection Reports	
<input type="checkbox"/>	Progress Payment Vouchers	
<input type="checkbox"/>	Change Orders (if needed)	
<input type="checkbox"/>	Final Inspection Report	
<input type="checkbox"/>	Property owner sign-off letter	
<input type="checkbox"/>	Photographs – after (if any)	
<input type="checkbox"/>	Certification of Completion/Occupancy	
	MONITORING INFORMATION	
<input type="checkbox"/>	Rehabilitation Log	
<input type="checkbox"/>	Complete Monitoring Reporting Forms	
	PROGRAM MARKETING	
<input type="checkbox"/>	Annual Public Notice on Program	
<input type="checkbox"/>	Program Flyer	
<input type="checkbox"/>	Program Brochure	
<input type="checkbox"/>	Flyer mailed Annually to All Property Owners	
<input type="checkbox"/>	Program information available in municipal building, library and senior center	
<input type="checkbox"/>	Program information posted on municipal website	
<input type="checkbox"/>	Program posters placed in retail businesses throughout the municipality	

4. PRIOR CYCLE CREDITS

Woodhaven/
Deans

PARTNERSHIP REAL ESTATE MORTGAGE FOR NEW JERSEY

THIS MORTGAGE is made this day, March 20, 1986, by Deans Apartments, Ltd., a Limited Partnership, organized and existing under the laws of the State of New Jersey, whose mailing address is 3418 Handy Road, Suite 203, Tampa, Florida 33618 (the Borrower).

The United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, having an office or place of business at 100 High Street, Mount Holly, New Jersey 08060, has loaned the Borrower money as evidenced by one or more promissory note(s) or assumption agreement(s) (the Note) (if more than one note is described below, the word "Note" as used herein shall be construed as referring to each note singly or all notes collectively, as the context may require). The Note has been executed by the Borrower, is payable to the order of the Government in installments as specified therein, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the Borrower, and is further described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
3/20/86	\$1,500,000.00	10.625%	3/20/2036

The Government may assign the Note at any time. The Government may also insure the payment of the Note pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

This instrument shall secure payment of the Note whenever the Note is held either by the Government or by an uninsured holder. Whenever the Note is held by an insured holder, however, this instrument shall not secure payment of the Note or attach to the underlying debt. In that event, this instrument shall constitute an indemnity mortgage to secure any payments to an insured holder of the Note or other advances which the Government may be required to make upon default by the Borrower. The insured holder shall have no right, title or interest in or to the lien of this instrument or its benefits. This instrument also secures the Borrower's obligations and covenants under other instruments delivered in connection with the loan evidenced by the Note, including

Prepared By: Andrew M.R. Law

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the Borrower's Loan Agreement hereby incorporated by reference. The Note, Loan Agreement, Security Agreement, and this instrument together with any supplements, attachments, modifications and additions are collectively referred to as the "Loan Instruments".

NOW THEREFORE, in consideration of the loan(s) the Borrower hereby mortgages, (as construed in §46:9-1, N.J.S.A.), assigns, grants and conveys to the Government, the following property in Middlesex County, New Jersey:

ALL THAT CERTAIN tract or parcel of land, situate in the Township of South Brunswick, County of Middlesex, and State of New Jersey, bounded and described in accordance with a certain plan entitled "Boundary and Topographic Survey for Xebec Incorporated," by John G. Reutter Associates, dated February 27, 1984.

BEGINNING at a point in the westerly line of Black Horse Lane as now established, 25 feet westerly as measured at right angles from the centerline of said road at a point therein distant 571 feet northerly as measured along said westerly line of Black Horse Lane from it's intersection with the line of lands, now or formerly of the Estate of Mary Nevius, deceased, and extending;

Thence (1) S69°48'21"W and at right angles with the westerly line of said Black Horse Lane, 1331.18 feet to the line of lands, now or formerly, Grace H. Rule;

Thence (2) N19°56'46"W along said last mentioned lands, 200.00 feet to a point in same;

Thence (3) N69°48'21"E, parallel with the first course and distant 200.00 feet northerly as measured at right angles therefrom, 1330.31 feet to the aforesaid westerly line of Black Horse Lane;

Thence (4) S20°11'39"E along the westerly line of said Black Horse Lane 200.00 feet to the point and place of beginning.

Containing 6.110 acres +.

BEING KNOWN as Lot 54.01, Block 90, of the Tax Assessment Map of the Township of South Brunswick, County of Middlesex.

The above described premises having been formerly conveyed as follows: Lot 53 being the same premises conveyed to Alex Collinge, Jr. and Florence Collinge, his wife, and John Buzby and Virginia Buzby, his wife, by deed from The Township of South Brunswick dated June 8, 1981 recorded June 25, 1981 in Book 3196 of Deeds at Page 512 in the Middlesex County Clerk's Office.

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Lot 54 being the same premises conveyed to Mary Gollinge, Alex Gollinge and Virginia McCue by Deed dated July 23, 1951 recorded on July 25, 1951 in Deed Book 1572 at Page 148 in the Middlesex County Clerk's Office. The said Mary Gollinge died intestate on October 29, 1978, unmarried, leaving as her heirs at law and next of kin, the said Virginia McCue (who has since married John Buzby) and Alex Gollinge.

The Borrower and any successors in interest agree to use the housing for the purpose of housing people eligible for occupancy as provided in Section 515 of Title V of the Housing Act of 1949 and FmHA regulations then extant during this 20 year period beginning (the date of this mortgage). No person occupying the housing shall be required to vacate prior to the close of such 20 year period because of early repayment. The borrower understands that should an unsubsidized project be converted to subsidized within 15 years from the date the last loan on the project is closed, that the period will be increased by 5 years. The borrower will be released during such period from these obligations only when the Government determines that there is no longer a need for such housing or that Federal or other financing assistance provided to the residents of such housing will no longer be provided. A tenant may seek enforcement of this provision as well as the Government.

TOGETHER with all the improvements, tenements and appurtenances now or hereafter erected on the property, and all easements, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, all leasehold rights of any kind, and all fixtures now or hereafter attached to or used in connection with the property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, natural gas, water, air and light; and including, but not limited to, all plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, washers, dryers, awnings, screens, blinds, shades, storm windows, storm doors, antennas, attached floor coverings, trees and plants; all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this instrument; and all payments at any time owing to the Borrower by virtue of any sale, lease, transfer, conveyance or condemnation of any part thereof or interest therein--all of which are herein collectively referred to as the "Property".

THIS MORTGAGE is also intended as a Financing Statement covering fixtures which are affixed or which may become affixed to the above-described property. The types of collateral covered hereby are described in the preceding paragraph.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

The Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property, and that the Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to easements and restrictions of record.

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THIS MORTGAGE SHALL SECURE (a) payment of the Note in accordance with its terms, including any extensions or renewals thereof, whenever the Note is held by either the Government or by an uninsured holder; (b) repayment, with interest, of any payments, advances and expenditures made by the Government pursuant to the terms of this or any other Loan Instrument; and (c) performance of every covenant and agreement of the Borrowers contained in this or any other Loan Instrument.

The Borrower, for itself, its successors and assigns, WARRANTS the title to Property (as construed in §46:9-2, N.J.S.A.) to the Government against the lawful claims of all persons whose claims are not based upon liens, encumbrances, easements or reservation specified above.

The Borrower, for itself, its successors and assigns, COVENANTS AND AGREES as follows:

(1) Borrower will promptly pay any indebtedness secured by this instrument when due.

(2) Borrower will indemnify the Government against any loss which the Government may incur as a result of making payments to an insured holder of the Note after the Borrower's default.

(3) Borrower will pay the Government any fees or other charges required under regulations of the Farmers Home Administration.

(4) Borrower will pay when due all taxes, liens, judgments, encumbrances and assessments lawfully attaching to or assessed against the Property, and, without demand, will also provide the Government with proof of those payments.

(5) Borrower will pay the Government for any expenses necessary or incidental to (a) the protection of the lien or priority of any Loan Instrument and to (b) the enforcement of or compliance with the provisions of any Loan Instrument. "Expenses" includes (without limitation) costs of evidence of title, surveys, recording fees, attorneys' fees and trustees' fees, as well as court costs and expenses of advertising, selling and conveying the Property or any portion of it.

(6) Borrower will use the loan evidenced by the Note solely for the purposes authorized by the Government.

(7) Borrower will keep the Property insured as required by the Government and will deliver the originals of all insurance policies to the Government for safekeeping.

(8) Borrower will comply with all laws, ordinances and regulations affecting the Property and the conduct of Borrower's business operations.

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(9) Borrower will maintain the Property in good repair and make any repairs the Government may require.

(10) Borrower will operate the Property in a good and efficient manner and will comply with management plans and practices which the Government may prescribe from time to time.

(11) Borrower will not abandon the Property; effect waste, lessing or impairment of the Property; or cut, remove or lease any timber, gravel, oil, gas, coal or other minerals.

(12) Borrower will not (except in the ordinary course of business) lease, assign, sell, transfer or encumber the Property or any nonexpendable part thereof, voluntarily or otherwise, either in whole or in part, without the prior written consent of the Government.

(13) The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer.

(14) If at any time it shall appear to the Government that the Borrower may be able to obtain a loan from a production credit association, a federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the Borrower will, upon the Government's request, apply for and accept a loan in sufficient amount to pay the Note and any other indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such a loan.

(15) The Government may require the Borrower to make additional monthly payments equal to one-twelfth of the estimated taxes, assessments, insurance premiums and other charges upon the Property.

(16) The Government and its agents may inspect the Property at reasonable times to ascertain whether the Borrower is fulfilling its obligations under this or any other Loan Instrument.

(17) The Government may at any time pay as advances for the Borrower's account any amounts which the Borrower is obligated to pay under any Loan Instrument. The Government may exercise this right regardless of whether the Note is insured and regardless of whether advances exceed the face amount of the Note.

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(18) All advances by the Government pursuant to the terms of this or any other Loan Instrument shall bear interest at the rate borne by the Note which bears the highest interest rate. Advances, together with interest accruing on them, shall be immediately due and payable by the Borrower at the place designated in the latest Note. Advances by the Government shall neither relieve the Borrower of its obligation to pay nor cure any default under any Loan Instrument.

(19) Except to the extent specified by the Government in writing, the Government in its sole discretion may grant an extension of the time for payment or modification of amortization of the indebtedness secured by any Loan Instrument, release any party from liability to the Government, release portions of the Property from the lien of any Loan Instrument, and waive any other Government right under any Loan Instrument without affecting the lien or priority of any Loan Instrument, or the liability of the Borrower or any other party for payment of the indebtedness secured by any Loan Instrument.

(20) The Government will not be bound by any present or future state laws (a) providing for valuation, appraisal, homestead or exemption of the Property; (b) prohibiting or restricting an action for deficiency judgment or limiting the judgment amount which may be awarded; (c) prescribing any statute of limitations; (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions the Government may impose by regulation as a condition of approving a transfer of the Property to a new borrower. THE BORROWER WAIVES THE BENEFIT OF ANY SUCH STATE LAWS.

(21) Should the Borrower DEFAULT on any of its obligations under any Loan Instrument, merge, dissolve, be declared bankrupt or insolvent, or make an assignment for the benefit of creditors, without Notice the Government may (a) accelerate the entire indebtedness secured by this instrument by declaring it immediately due and payable; (b) charge the Borrower's account for any reasonable expenses which the Government may pay or incur to maintain and repair the Property; (c) process, operate and rent the Property; (d) have a receiver appointed for the Property who may exercise the usual powers of receivers in similar cases; (e) foreclose this and any other Loan Instrument and sell the Property; (f) enforce any and all other rights and remedies provided in the Loan Instruments or by future or present laws.

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(22) Upon default by Borrower as aforesaid, the Government may foreclose this instrument as authorized or permitted by the laws then existing of the jurisdiction where the property is situated and of the United States of America, on terms and conditions satisfactory to the Government, including but not limited to foreclosure by (a) statutory power of sale, or (b) advertisement and sale of the property at public auction to the highest bidder in one or more parcels at the Government's option and at the time and place and in the manner and after such notice and on terms required by statute or determined by the Government if not contrary to statute, or (c) written agreement hereafter made between Borrower and the Government.

(23) Proceeds of a foreclosure sale pursuant to any Loan Instrument shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions of any Loan Instrument; (b) any prior liens required by law or a competent court to be paid; (c) all indebtedness to the Government secured by this instrument; (d) inferior liens of record required by law or a competent court to be paid; (e) at the Government's option, any other indebtedness of the Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the Property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(24) If the Government is the successful bidder at a foreclosure sale under any Loan Instrument, any portion of the purchase price not owed to a third party may be paid by crediting that amount on any debts of the Borrower which are owed to or insured by the Government.

(25) The rights and remedies provided in this instrument are cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, by statute or by regulation.

(26) A waiver, amendment, release or modification of this instrument may be effected only by a writing which has been duly executed by the Government and shall not be established by conduct, custom or course of dealing.

(27) This instrument shall be governed by federal law, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this instrument.

(28) Default under this instrument shall constitute a default under any other security instruments of the Borrower held or insured by the Government and default under any other security instrument constitutes default under this instrument.

(29) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

(30) Notices to the Borrower shall be sent to its address as shown on the first page of this instrument. Notices to the Government shall be addressed to the Farmers Home Administration, United States Department of Agriculture, 100 High Street, Suite 100, Mount Holly, New Jersey 08060. Notices shall be sent by certified mail (postage prepaid) unless otherwise required by law. The Government and the Borrower may designate any further or different addresses to which subsequent notices shall be sent.

(31) This instrument, together with the other loan instruments, mortgages and encumbers only the assets of the borrowing Partnership named herein and offers to the Government no recourse for repayment of the indebtedness from the personal assets of any present or future member of the Partnership, whether individual or corporate.

The Borrower acknowledges receipt of a true copy of this Mortgage.

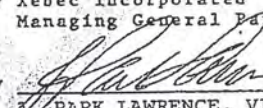
B66X 3185 PAGE 0406

IN WITNESS WHEREOF, the Borrower has caused this Mortgage to be executed by its Partner(s) who hereunto set(s) his/their hand(s) and seal(s) as of the date first written above.

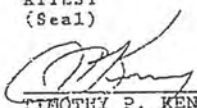
DEANS APARTMENTS, LTD.

By Xebec Incorporated
Managing General Partner

By


J. PARK LAWRENCE, VICE PRESIDENT

ATTEST
(Seal)


TIMOTHY P. KENNY, Assistant
Secretary

ACKNOWLEDGMENT

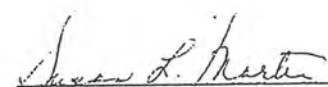
STATE OF NEW JERSEY

) ss:

COUNTY OF MIDDLESEX

On this 20th day of March, 1986, before me, notary public, personally appeared, J. PARK LAWRENCE, VICE, PRESIDENT, of Xebec Incorporated, a Florida Corporation known to me, who being duly sworn, did say that Xebec Incorporated is the managing general partner of the Partnership that executed the within instrument, and acknowledged to me that such Partnership executed the same. J. PARK LAWRENCE further acknowledged that the partnership has received a true copy of the within instrument.

(NOTARIAL SEAL)


NOTARY PUBLIC

SUSAN L. MARTIN

A NOTARY PUBLIC OF NEW JERSEY

My commission expires: My Commission Expires August 31, 1987

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MIDDLESEX COUNTY CLERK
NEW BRUNSWICK, N.J.

MAR 24 2 33 PM '86

MIDDLESEX COUNTY CLERK
NEW BRUNSWICK, N.J.

Record & Return/TC-
TRANS-COUNTY TITLE AGENCY, INC.
P. O. Box 675
New Brunswick, NJ 08903

6464

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33524

PARTNERSHIP REAL ESTATE MORTGAGE FOR NEW JERSEY

THIS MORTGAGE is made this day, April 9, 1987, by Deans Apartments, Ltd., a Limited Partnership, organized and existing under the laws of the State of New Jersey, whose mailing address is P.O. Box 1045, North Adams, Mass. 01247 (the Borrower).

The United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, having an office or place of business at 100 High Street, Mount Holly, New Jersey 08060, has loaned the Borrower money as evidenced by one or more promissory note(s) or assumption agreement(s) (the Note) (if more than one note is described below, the word "Note" as used herein shall be construed as referring to each note singly or all notes collectively, as the context may require). The Note has been executed by the Borrower, is payable to the order of the Government in installments as specified therein, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the Borrower, and is further described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
March 20, 1986	\$1,500,000.00	10.625%	March 20, 2036
April 9, 1987	\$200,000.00	9.5%	April 9, 2037

The Government may assign the Note at any time. The Government may also insure the payment of the Note pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

This instrument shall secure payment of the Note whenever the Note is held either by the Government or by an uninsured holder. Whenever the Note is held by an insured holder, however, this instrument shall not secure payment of the Note or attach to the underlying debt. In that event, this instrument shall constitute an indemnity mortgage to secure any payments to an insured holder of the Note or other advances which the Government may be required to make upon default by the Borrower. The insured holder shall have no right, title or interest in or to the lien of this instrument or its benefits. This instrument also secures the Borrower's obligations and covenants under other instruments delivered in connection with the loan evidenced by the Note, including

Prepared By: *Daniel D. Richards*

DANIEL D. RICHARDS

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the Borrower's Loan hereby incorporated by reference. The Note, Loan, Security Agreement, and this instrument together with any supplements, attachments, modifications and additions are collectively referred to as the "Loan Instruments".

NOW THEREFORE, in consideration of the loan(s) the Borrower hereby mortgages, (as construed in §46:9-1, N.J.S.A.), assigns, grants and conveys to the Government, the following property in Middlesex County, New Jersey:

ALL THAT CERTAIN tract or parcel of land, situate in the Township of South Brunswick, County of Middlesex, and State of New Jersey, bounded and described in accordance with a certain plan entitled "Boundary and Topographic Survey for Xebec Incorporated," by John G. Reutter Associates, dated February 27, 1984.

BEGINNING at a point in the westerly line of Black Horse Lane as now established, 25 feet westerly as measured at right angles from the centerline of said road at a point therein distant 571 feet northerly as measured along said westerly line of Black Horse Lane from it's intersection with the line of lands, now or formerly of the Estate of Mary Nevius, deceased, and extending;

Thence (1) S69°48'21"W and at right angles with the westerly line of said Black Horse Lane, 1331.18 feet to the line of lands, now or formerly, Grace H. Rule:

Thence (2) N19°56'46"W along said last mentioned lands, 200.00 feet to a point in same;

Thence (3) N69°48'21"E, parallel with the first course and distant 200.00 feet northerly as measured at right angles therefrom, 1330.31 feet to the aforesaid westerly line of Black Horse Lane;

Thence (4) S20°11'39"E along the westerly line of said Black Horse Lane 200.00 feet to the point and place of beginning.

Containing 6.110 acres +.

BEING KNOWN as Lot 54.01, Block 90, of the Tax Assessment Map of the Township of South Brunswick, County of Middlesex.

The above described premises having been formerly conveyed as follows: Lot 53 being the same premises conveyed to Alex Gollinge, Jr. and Florence Gollinge, his wife, and John Buzby and Virginia Buzby, his wife, by deed from The Township of South Brunswick dated June 8, 1981 recorded June 25, 1981 in Book 3196 of Deeds at Page 512 in the Middlesex County Clerk's Office.

Lot 54 being the same premises conveyed to Mary Gollinge, Alex Gollinge and Virginia McCue by Deed dated July 23, 1951 recorded on July 25, 1951 in Deed Book 1572 at Page 148 in the Middlesex County Clerk's Office. The said Mary Gollinge died intestate on October 29, 1978, unmarried, leaving as her heirs at law and next of kin, the said Virginia McCue (who has since married John Buzby) and Alex Gollinge.

The Borrower and any successors in interest agree to use the housing for the purpose of housing people eligible for occupancy as provided in Section 515 of Title V of the Housing Act of 1949 and FmHA regulations then extant during this 20 year period beginning (the date of this mortgage). No person occupying the housing shall be required to vacate prior to the close of such 20 year period because of early repayment. The borrower understands that should an unsubsidized project be converted to subsidized within 15 years from the date the last loan on the project is closed, that the period will be increased by 5 years. The borrower will be released during such period from these obligations only when the Government determines that there is no longer a need for such housing or that Federal or other financing assistance provided to the residents of such housing will no longer be provided. A tenant may seek enforcement of this provision as well as the Government.

TOGETHER with all the improvements, tenements and appurtenances now or hereafter erected on the property, and all easements, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, all leasehold rights of any kind, and all fixtures now or hereafter attached to or used in connection with the property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, natural gas, water, air and light; and including, but not limited to, all plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, washers, dryers, awnings, screens, blinds, shades, storm windows, storm doors, antennas, attached floor coverings, trees and plants; all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this instrument; and all payments at any time owing to the Borrower by virtue of any sale, lease, transfer, conveyance or condemnation of any part thereof or interest therein-- all of which are herein collectively referred to as the "Property".

THIS MORTGAGE is also intended as a Financing Statement covering fixtures which are affixed or which may become affixed to the above-described property. The types of collateral covered hereby are described in the preceding paragraph. TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

The Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property, and that the Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to easements and restrictions of record.

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THIS MORTGAGE SHALL SECURE (a) payment of the Note in accordance with its terms, including any extensions or renewals thereof, whenever the Note is held by either the Government or by an uninsured holder; (b) repayment, with interest, of any payments, advances and expenditures made by the Government pursuant to the terms of this or any other Loan Instrument; and (c) performance of every covenant and agreement of the Borrowers contained in this or any other Loan Instrument.

The Borrower, for itself, its successors and assigns, WARRANTS the title to Property (as construed in §46:9-2, N.J.S.A.) to the Government against the lawful claims of all persons whose claims are not based upon liens, encumbrances, easements or reservation specified above.

The Borrower, for itself, its successors and assigns, COVENANTS AND AGREES as follows:

(1) Borrower will promptly pay any indebtedness secured by this instrument when due.

(2) Borrower will indemnify the Government against any loss which the Government may incur as a result of making payments to an insured holder of the Note after the Borrower's default.

(3) Borrower will pay the Government any fees or other charges required under regulations of the Farmers Home Administration.

(4) Borrower will pay when due all taxes, liens, judgments, encumbrances and assessments lawfully attaching to or assessed against the Property, and, without demand, will also provide the Government with proof of those payments.

(5) Borrower will pay the Government for any expenses necessary or incidental to (a) the protection of the lien or priority of any Loan Instrument and to (b) the enforcement of or compliance with the provisions of any Loan Instrument. "Expenses" includes (without limitation) costs of evidence of title, surveys, recording fees, attorneys' fees and trustees' fees, as well as court costs and expenses of advertising, selling and conveying the Property or any portion of it.

(6) Borrower will use the loan evidenced by the Note solely for the purposes authorized by the Government.

(7) Borrower will keep the Property insured as required by the Government and will deliver the originals of all insurance policies to the Government for safekeeping.

(8) Borrower will comply with all laws, ordinances and regulations affecting the Property and the conduct of Borrower's business operations.

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(9) Borrower will maintain the Property in good repair and make any repairs the Government may require.

(10) Borrower will operate the Property in a good and efficient manner and will comply with management plans and practices which the Government may prescribe from time to time.

(11) Borrower will not abandon the Property; effect waste, lessing or impairment of the Property; or cut, remove or lease any timber, gravel, oil, gas, coal or other minerals.

(12) Borrower will not (except in the ordinary course of business) lease, assign, sell, transfer or encumber the Property or any nonexpendable part thereof, voluntarily or otherwise, either in whole or in part, without the prior written consent of the Government.

(13) The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer.

(14) If at any time it shall appear to the Government that the Borrower may be able to obtain a loan from a production credit association, a federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the Borrower will, upon the Government's request, apply for and accept a loan in sufficient amount to pay the Note and any other indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such a loan.

(15) The Government may require the Borrower to make additional monthly payments equal to one-twelfth of the estimated taxes, assessments, insurance premiums and other charges upon the Property.

(16) The Government and its agents may inspect the Property at reasonable times to ascertain whether the Borrower is fulfilling its obligations under this or any other Loan Instrument.

(17) The Government may at any time pay as advances for the Borrower's account any amounts which the Borrower is obligated to pay under any Loan Instrument. The Government may exercise this right regardless of whether the Note is insured and regardless of whether advances exceed the face amount of the Note.

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(18) All advances by the Government pursuant to the terms of this or any other Loan Instrument shall bear interest at the rate borne by the Note which bears the highest interest rate. Advances, together with interest accruing on them, shall be immediately due and payable by the Borrower at the place designated in the latest Note. Advances by the Government shall neither relieve the Borrower of its obligation to pay nor cure any default under any Loan Instrument.

(19) Except to the extent specified by the Government in writing, the Government in its sole discretion may grant an extension of the time for payment or modification of amortization of the indebtedness secured by any Loan Instrument, release any party from liability to the Government, release portions of the Property from the lien of any Loan Instrument, and waive any other Government right under any Loan Instrument without affecting the lien or priority of any Loan Instrument, or the liability of the Borrower or any other party for payment of the indebtedness secured by any Loan Instrument.

(20) The Government will not be bound by any present or future state laws (a) providing for valuation, appraisal, homestead or exemption of the Property; (b) prohibiting or restricting an action for deficiency judgment or limiting the judgment amount which may be awarded; (c) prescribing any statute of limitations; (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions the Government may impose by regulation as a condition of approving a transfer of the Property to a new borrower. THE BORROWER WAIVES THE BENEFIT OF ANY SUCH STATE LAWS.

(21) Should the Borrower DEFAULT on any of its obligations under any Loan Instrument, merge, dissolve, be declared bankrupt or insolvent, or make an assignment for the benefit of creditors, without Notice the Government may (a) accelerate the entire indebtedness secured by this instrument by declaring it immediately due and payable; (b) charge the Borrower's account for any reasonable expenses which the Government may pay or incur to maintain and repair the Property; (c) process, operate and rent the Property; (d) have a receiver appointed for the Property who may exercise the usual powers of receivers in similar cases; (e) foreclose this and any other Loan Instrument and sell the Property; (f) enforce any and all other rights and remedies provided in the Loan Instruments or by future or present laws.

(22) Upon default by Borrower as aforesaid, the Government may foreclose this instrument as authorized or permitted by the laws then existing of the jurisdiction where the property is situated and of the United States of America, on terms and conditions satisfactory to the Government, including but not limited to foreclosure by (a) statutory power of sale, or (b) advertisement and sale of the property at public auction to the highest bidder in one or more parcels at the

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Government's option and at the time and place and in the manner and after such notice and on terms required by statute or determined by the Government if not contrary to statute, or (c) written agreement hereafter made between Borrower and the Government.

(23) Proceeds of a foreclosure sale pursuant to any Loan Instrument shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions of any Loan Instrument; (b) any prior liens required by law or a competent court to be paid; (c) all indebtedness to the Government secured by this instrument; (d) inferior liens of record required by law or a competent court to be paid; (e) at the Government's option, any other indebtedness of the Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the Property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(24) If the Government is the successful bidder at a foreclosure sale under any Loan Instrument, any portion of the purchase price not owed to a third party may be paid by crediting that amount on any debts of the Borrower which are owed to or insured by the Government.

(25) The rights and remedies provided in this instrument are cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, by statute or by regulation.

(26) A waiver, amendment, release or modification of this instrument may be effected only by a writing which has been duly executed by the Government and shall not be established by conduct, custom or course of dealing.

(27) This instrument shall be governed by federal law, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this instrument.

(28) Default under this instrument shall constitute a default under any other security instruments of the Borrower held or insured by the Government and default under any other security instrument constitutes default under this instrument.

(29) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

HB 3430 P544

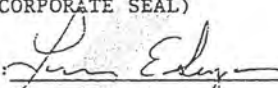

(30) Notices to the Borrower shall be sent to its address as shown on the first page of this instrument. Notices to the Government shall be addressed to the Farmers Home Administration, United States Department of Agriculture. Notices shall be sent by certified mail (postage prepaid) unless otherwise required by law. The Government and the Borrower may designate any further or different addresses to which subsequent notices shall be sent.

(31) This instrument, together with the other loan instruments, mortgages and encumbers only the assets of the borrowing Partnership named herein and offers to the Government no recourse for repayment of the indebtedness from the personal assets of any present or future member of the Partnership, whether individual or corporate.

IN WITNESS WHEREOF, the Borrower has caused this Mortgage to be executed by its Managing General Partner who hereunto set his hand and seal as of the date first written above.

Deans Apartments Ltd.
by Xebec Incorporated
Managing General Partner

(CORPORATE SEAL)

ATTEST:  By 
Assistant Secretary LAWRENCE E. SUYDAM J. Park Lawrence
President

HB3430 P545

ACKNOWLEDGMENT

STATE OF New Jersey

) ss:

COUNTY OF Hunterdon

On this 9th day of April, 1987,
before me, appeared J. Park Lawrence President Xebec Inc, known
to me, who being duly sworn, did say that Xebec Inc. is the
managing partner of the Partnership that executed the within
instrument, and acknowledged to me that such Partnership
executed the same. J. Park Lawrence further acknowledged that
the partnership has received a true copy of the within
instrument.

(NOTARIAL SEAL)

Elizabeth A. Haffling
Notary Public

My commission expires: _____

ELIZABETH A. HAFFLING
A Notary Public of New Jersey
My Commission Expires September 5, 1990

The form of this instrument was prepared by the Office of
the General Counsel of the United States Department of
Agriculture, and the material in the blank spaces in the
form was inserted by or under the direction of

Quint B. Leitz
NAME

Investment Loan Specialist
TITLE

HB3430 P546

HB3430 P546

RETURN TO ➤

DECLASSIFICATION AUTHORITY
APPLICABLE TO THIS DOCUMENT IS:
FBI AUTOMATIC DECLASSIFICATION GUIDE

HB 3035-6538

HE 3430 P547

MIDDLESEX COUNTY CLERK

Return To:

SETTLERS TITLE AGENCY
PAVILIONS AT GREENTREE, STE 301-302
MARLTON , NJ
08053

DEANS APARTMENTS, LTD.

Index DEED BOOK

Book 05662 Page 0421

No. Pages 0007

Instrument SENIOR EXCESS

Date : 5/03/2006

Time : 10:54:16

Control # 200605030299

INST# DE 2006 008087

Employee ID PATELD

RECORDING	\$	40.00
NJPRPA	\$	12.00
DARM	\$	18.00
DARM 3.00	\$	3.00
NJPRPA	\$	2.00
GRANTEE TX	\$.00
- - - - -	\$.00
DD5 T1 CO	\$	150.00
DD5 T1 GP	\$	270.00
All Other	\$	15,821.80
Total:	\$	16,316.80

STATE OF NEW JERSEY
MIDDLESEX COUNTY CLERK

ELAINE FLYNN
COUNTY CLERK



200605030299



Cover sheet is part of Middlesex County filing record

Retain this page for future reference

Not part of the original submitted document

DO NOT REMOVE THIS PAGE.
TO ACCESS THE IMAGE OF
THE DOCUMENT RECORDED
HEREUNDER BY BOOK AND
PAGE NUMBER, USE THE
BOOK AND PAGE NUMBER
ABOVE.

B05662PG421

3

Charge, Record and Return To
Settlers Title Agency, L.P.
The Pavilions at Greentree
Suite 301 - 302
Marlton, NJ 08053-3436

RECORDED
ELAINE M. FLYNN
MIDDLESEX CTY CLERK

DEED

2006 MAY -3 AM
Prepared by: Fred T. Thompson

Fred T. Thompson, Esq

BOOK # _____

PAGE # _____

OF PAGES _____

This Deed is made on April 1, 2006

Between **DEANS APARTMENTS, LTD.**, a New Jersey Limited Partnership, whose post office address is P.O. Box 1045, North Adams, Massachusetts 01247, referred to as the Grantor,

And **SOUTH BRUNSWICK VOA URBAN RENEWAL AFFORDABLE HOUSING, LP.**, a New Jersey Limited Partnership, whose post office address is 1660 Duke Street, Alexandria, VA 22314-3427, referred to as Grantee,

The words "Grantor" and "Grantee" shall mean all Grantors and Grantees listed above.

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. This transfer is made for the sum of Two Million, Seven Hundred Thousand, Seven Hundred Thirty Nine and 00/100 Dollars (\$2,700,739.00)

The Grantor acknowledges receipt of this money.

Tax Map Reference. (N.J.S.A. 46:15-2.1) Municipality of South Brunswick
Block No. 90 Lot No. 54.01

☐ No property tax identification number is available on the date of this deed. (Check box if applicable)

Property. The property consists of the land and all the buildings and structures on the land in the Township of South Brunswick, County of Middlesex and State of New Jersey. The legal description is:

Beginning at an iron pin w/cap along the westerly line of Black Horse Lane as now established, said point being 25.00' westerly at right angles from the centerline of Black Horse Lane, said point also being located northerly 571.00' from the intersection of the property line of Lands N/F The Estate of Mary Nevius with the westerly line of Black Horse Lane and thence,

1. S. 69 degrees 48 minutes 21 seconds W. 1331.18' to an iron pin w/cap and thence,
2. N. 19 degrees 56 minutes 46 seconds W. 200.00' to an iron pin w/cap and thence,

805662PG422

3
9
0
9
9

3. N. 69 degrees 48 minutes 21 seconds E. 1330.31' to an iron pin w/cap along the westerly line of Black Horse Lane and thence,

4. Along the westerly line of Black Horse Lane, S. 20 degrees 11 minutes 39 seconds E. 200.00' to the point or place of beginning.

The above described lands are known as Lot 54.01 in Block 90 as shown on the current Official Tax Maps of the Township of South Brunswick.

The above description is in accordance with an ALTA/ACSM Land Title Survey prepared by Brunswick Surveying, Inc. dated 1/12/2006 as File No. 100-06.

SUBJECT TO easement as contained in Deed Book 3528, Page 813, and Right of Way as contained in Deed Book 3690, Page 790.

ALSO SUBJECT TO the rights of abutting owners of said premises herein and to Tributary to Oakley's Brook crossing or bounding said premises.

FURTHER, SUBJECT TO mortgage given by the Grantor herein to The United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, dated 3/20/86, recorded 3/24/86, in Mortgage Book 3185, Page 399 to secure \$1,500,000.00, and mortgage given by the Grantor herein to United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, dated 4/9/87, recorded 4/27/87, in Mortgage Book 3430, Page 538, to secure \$200,000.00.

The above described premises having been formerly conveyed as follows:

Lot 54.01 being the same premises conveyed to DEANS APARTMENTS, LTD by deed from John Buzby and Virginia Buzby, his wife, and Alexander Collinge and Florence Collinge, his wife, dated November 27, 1984, recorded December 6, 1984 in Book 3396 at page 764 in the Middlesex County Clerk's office.

Promises by Grantor. The Grantor promises that the Grantor has done no act to encumber the property. This promise is called a 'covenant as to Grantor's acts' (N.J.S.A. 46: 4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor).

805662PG423

Signatures. The Grantor signs this Deed as of the date at the top of the first page.

DEANS APARTMENTS, LTD
By Xebec, Incorporated
Managing General Partner

(CORPORATE SEAL)

ATTEST:

Connie Manuel
Assistant Secretary

By:

Marie Wheaton
President

COMMONWEALTH OF MASSACHUSETTS

BERKSHIRE, ss.

April 1, 2006

I certify that on April 1, 2006, Marie Wheaton, President of Xebec, Incorporated, Managing General Partner of DEANS APARTMENTS, LTD, personally came before me and acknowledged under oath, to my satisfaction, that this person:

- (a) is President of Xebec, Incorporated; and that Xebec, Incorporated is the Managing General Partner of Deans Apartments, Ltd., and that as such President, she personally signed this Deed as said President and as said Managing General Partner;
- (b) signed, sealed and delivered this deed as her free act and deed and as the free act and deed of said corporation as said President and as said Managing General Partner;
- (c) made this deed for \$2,700,739.00 as full and actual consideration paid or to be paid for the transfer of title. (Such consideration is defined in N.J.S.A. 46: 15-5.)

(NOTARIAL SEAL)



FRED T. THOMPSON
Notary Public
Commonwealth of Massachusetts
My Commission Expires
May 30, 2008

Fred T. Thompson
, Notary Public

My Commission Expires: 5-30-08

B05662PG424



GIT/REP-3
(9-04)

State of New Jersey
SELLER'S RESIDENCY CERTIFICATION/EXEMPTION
(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (If Multiple Sellers, Each Seller Must Complete a Certification)

Name(s) Deans Apartments, Ltd. by Xebec, Incorporated, Managing General Partner
by Marie Wheaton, its President

Current Resident Address:

RFD #1, Box 850, 263 Clough Road
Street: Stamford, VT 05352
City, Town, Post Office State Zip Code

PROPERTY INFORMATION (Brief Property Description)

Block(s) 90 Lot(s) 54.1 Qualifier
154 Black Horse Lane
Street Address:
Monmouth, NJ 08852
City, Town, Post Office State Zip Code
100% \$2,700,739.00 4/1/06
Seller's Percentage of Ownership Consideration Closing Date

SELLER ASSURANCES (Check the Appropriate Box)

1. ☐ I am a resident taxpayer of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☒ Seller is not individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A. 54A:1-1 et seq.
6. ☐ The total consideration for the property is \$1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

Deans Apartments, Ltd.

By: Xebec, Incorporated, Managing Gen. Ptr.

By: Marie Wheaton, its President

4/1/06

Date

Signature

(Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature

(Seller) Please indicate if Power of Attorney or Attorney in Fact

805662PG425

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, P.L. 1968, as amended through Chapter 66, P.L. 2004)

To be recorded with deed pursuant to Chapter 49, P.L. 1968, as amended by Chapter 308, P.L. 1991 (N.J.S.A. 48:15-5 et seq.)
 BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY

COUNTY OF Middlesex

} SS.

FOR RECORDER'S USE ONLY

Consideration \$ _____
 RTF paid by seller \$ _____
 Date _____ By _____

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE (See Instructions # 3 and #4 on reverse side)

Deponent, Marie Wheaton, being duly sworn according to law upon his/her oath,
 (Name)
 deposes and says that he/she is the Grantor in a deed dated April 1, 2006 transferring
 (Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.)
 real property identified as Block number 90 Lot number 54.01 located at
154 Blackhorse Lane, Monmouth, NJ 08852
 (Street Address, Municipality, County) and annexed thereto.

(2) CONSIDERATION \$ 2,700,739.00 (See Instructions #1 and #5 on reverse side)

(3) FULL EXEMPTION FROM FEE (See Instruction #6 on reverse side)

Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through Chapter 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(4) PARTIAL EXEMPTION FROM FEE (See Instruction #7 on reverse side)

PARTIAL EXEMPTION FROM FEE EXEMPTION FROM FEE (See Instructions #7 on reverse side)

NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will void claim for partial exemption.

Deponent claims that this deed transaction is exempt from State portions of the Basic Fee, Supplemental Fee, and General Purpose Fee, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004 and C. 66, P.L. 2004 for the following reason(s):

- A. SENIOR CITIZEN Grantor(s) ☐ 62 years of age or over. * (See Instruction #7 on reverse side for A or B)
 B. { BLIND PERSON Grantor(s) ☐ legally blind or, *
 DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ Receiving disability payments ☐ Not gainfully employed *

Senior citizens, blind or disabled persons must also meet all of the following criteria.

- ☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of the State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEEDS TO QUALIFY IF OWNED AS TENANTS BY THE ENTIRETY.

C. LOW AND MODERATE INCOME HOUSING (See Instruction #7 on reverse side)

- ☒ Affordable according to H.U.D. standards. ☒ Reserved for occupancy.
☒ Meets income requirements of region. ☒ Subject to resale controls.

(5) NEW CONSTRUCTION (See Instructions #8 and #10 on reverse side)

- ☐ Entirely new improvement. ☐ Not previously occupied.
☐ Not previously used for any purpose. ☐ "NEW CONSTRUCTION" printed clearly at the top of the first page of the deed.

Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 66, P.L. 2004.

Subscribed and sworn to before me
 this 1st day of April, 2006

Jennifer A. Fumo
 JENNIFER A. FUMO
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires
 August 4, 2008

Marie Wheaton
 Signature of Deponent
 RFD #1, Box 850
 263 Church Road
 Stamford, VT 05352

Deans Apartments, Ltd.

By: *Xebec* Incorporated, Managing
 General Partner

Grantor Address at Time of Sale

By: Marie Wheaton, its President

Name/Company of Settlement Officer

First American Title Insurance
 Company

FOR OFFICIAL USE ONLY

Instrument Number _____ County _____
 Deed Number _____ Book _____ Page _____
 Deed Dated _____ Date Recorded _____

B05662PG426

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY BUYER

(Chapter 49, P.L. 1968, as amended through Chapter 19, P.L. 2005)
To be recorded with deed pursuant to Chapter 49, P.L. 1968, as amended by Chapter 308, P.L. 1991 (N.J.S.A. 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF ~~NEW JERSEY~~ **MINNESOTA**

} ss.

COUNTY OF Hennepin

FOR RECORDER'S USE ONLY

Consideration \$ _____
RTF paid by buyer \$ _____
Date _____ By _____

(1) PARTY OR LEGAL REPRESENTATIVE (See Instructions #3 and #4 on reverse side)

Deponent, Ron Patterson, being duly sworn according to law upon his/hor oath,
(Name)deposes and says that he/she is the Corporate Officer in a deed dated Apr. 1, 2005 transferring
(Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.)

real property identified as Block number 90 Lot number 54.01 located at
154 Black Horse Lane, Township of South Brunswick, Middlesex County and annexed thereto.
(Street Address, Municipality, County)

(2) CONSIDERATION \$ 2,700,739.00 (See Instructions #1 and #5 on reverse side)

Entire consideration is in excess of \$1,000,000:

PROPERTY CLASSIFICATION CHECKED BELOW SHOULD BE TAKEN FROM THE OFFICIAL TAX LIST (WHICH IS A PUBLIC RECORD) OF THE MUNICIPALITY WHERE THE PROPERTY IS LOCATED IN THE YEAR THAT THE TRANSFER IS MADE.

(A) When Grantee pays:

☐ Class 2 - Residential
(4 Families or less)

☐ Class 4C - Residential Cooperative Unit

☐ Class 3A - Farm property (Regular) and any other real property transferred
to same grantee in conjunction with transfer of Class 3A property

(B) When Grantee does not have to pay, fill out below:

☒ Property class. Circle applicable class(es): 1 4A 4B 4C 15

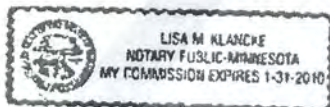
☐ Exempt Organization Pursuant to Federal Internal Revenue Code of 1986

Property classes: 1-Vacant Land, 4A-Commercial, 4B-Industrial, 4C-Apartment (other than residential cooperative unit), 15-Public Property

(3) FULL EXEMPTION FROM FEE (See Instruction #6 on reverse side)

Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through Chapter 66, P.L. 2004, for the following reason(s). More reference to exemption symbol is insufficient. Explain in detail.

Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 19, P.L. 2005.

Subscribed and sworn to before me
this 29 day of March, 2006Lisa M. Klancic
Ron Patterson
Signature of Deponent

7530 Market Place Drive
Dependent Address
Eden Prairie, MN 55344
South Brunswick VOA
Grantee Name
WABON RENEWAL AFFORDABLE HOUSING LP
1660 Duke Street, Alexandria, VA
Grantee Address at Time of Sale

FIRST AMERICAN
Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY

Instrument Number _____ County _____
Deed Number _____ Book _____ Page _____
Deed Dated _____ Date Recorded _____

B05662PG427

MORTGAGE

CORPORATE REAL ESTATE MORTGAGE FOR NEW JERSEY

THIS MORTGAGE is made this day, July 16, 1982 by South Brunswick Community Development Corporation, a corporation organized and existing under the laws of the state of New Jersey, whose mailing address is 3424 State Highway No. 27, Kendall Park, NJ 08824 (the Borrower.)

The United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, having an office or place of business at One Vahlsing Center, Robbinsville, New Jersey 08691, has loaned the Borrower money as evidenced by one or more promissory note(s) or assumption agreement(s) (the Note) (if more than one note is described below, the word "Note" as used herein shall be construed as referring to each note singly or all notes collectively, as the context may require). The Note has been executed by the Borrower, is payable to the order of the Government in installments as specified therein, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the Borrower, and is further described as follows:

Date of Instrument	Principal Amount	Annual Rate of Interest	Due Date of Final Installment
July 16, 1982	\$ 102,000	13.25	July 16, 2029
August 10, 1979	\$2,335,580	8.50	August 10, 2029

The Government may assign the Note at any time. The Government may also insure the payment of the Note pursuant to the Consolidated Farm and Rural Development Act., or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

This instrument shall secure payment of the Note whenever the Note is held either by the Government or by an uninsured holder. Whenever the Note is held by an insured holder, however, this instrument shall not secure payment of the Note or attach to the underlying debt. In that event, this instrument shall constitute an indemnity mortgage to secure any payments to an insured holder of the Note or other advances which the Government may be required to make upon default by the Borrower. The insured holder shall have no right, title or interest in or to the lien of this instrument or its benefits. This instrument also secures the Borrower's obligations and covenants under other instruments delivered in connection with the loan evidenced by the Note, including the Borrower's Loan Resolution hereby incorporated by reference. The Note, Loan Resolution, Security Agreement, and this instrument together with any supplements, attachments, modifications and additions are collectively referred to as the "Loan Instruments".

46:9-1 N.J.S.A.

NOW THEREFORE, in consideration of the loan(s) the Borrower hereby mortgages, (as construed in ~~the deed~~), assigns, grants and conveys to the Government, a leasehold estate created, recorded for the certain lease dated ~~in the office for~~ to be recorded ~~simultaneously herewith in the office of the Clerk of~~ covering the following property in Middlesex County(ies).:

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Release #523 Book 291 Page 700 5/29/91

All that certain tract or parcel of land and premises, situate, lying and being in the Township of South Brunswick in the County of Middlesex and State of New Jersey, commonly known as 3424 State Highway No. 27, Kendall Park, NJ 08824 and more particularly described as follows:

BEGINNING in the southerly line of N. J. State Highway Route 27 (Lincoln Highway) at its intersection with the easterly line of lands conveyed by Fred Kull to Herbert J. Kendall by deed dated February 16, 1956 and heretofore recorded in the Middlesex County Clerk's Office, which point is the northwesterly corner of the tract herein described, and from thence running (1) along said lands now or formerly of Herbert J. Kendall, south 6 degrees 33 minutes 50 seconds east, 601.58 feet to a point, thence (2) still along lands now or formerly of Herbert J. Kendall, north 83 degrees 26 minutes 10 seconds east, 330.62 feet to a point in the westerly line of lands now or formerly of Mollie Juran, thence (3) along said last mentioned lands, north 6 degrees 33 minutes 50 seconds west, 716.43 feet to a southerly line of N. J. State Highway Route 27 (Lincoln Highway), thence (4) along the southerly line of N. J. State Highway Route 27 (Lincoln Highway), south 63 degrees 59 minutes 30 seconds west, 92.60 feet to a point, thence (5) still along said N. J. State Highway south 64 degrees 23 minutes west, 257.40 feet to the point and place of BEGINNING.

The above description is in accord with a survey prepared by Raymond P. Wilson, & Associates, C. E. & L. S., New Brunswick, N. J. dated January 18, 1955.

The above premises are also being more particularly described in accordance with a survey made by William M. Doran, P. E. & L. S. dated June 14, 1982 and revised June 30, 1982 as follows:

BEGINNING at a monument in the southern line of New Jersey State Highway, Route 27, said monument is the northeast corner of Lot 1 in Block 300, as shown on a certain map entitled "Map of Kendall Park, Sections 1A, B, C & D, situated in South Brunswick Township, Middlesex County, New Jersey" filed in the Middlesex County Clerk's Office on December 18, 1956, as Map No. 3109 in File No. 945; thence (1) along the southern line of Route 27, north 64 degrees 30 minutes 03 seconds east, a distance of (257.61 ft.) two hundred fifty seven and sixty one hundreds feet to a monument, thence (2) still along the southern line of Route 27, north 63 degrees 16 minutes 10 seconds east, a distance of (87.06 ft.) eighty seven and six hundreds feet to a pipe, thence (3) south 06 degrees 58 minutes 59 seconds east, a distance of (715.23 ft.) seven hundred fifteen and twenty three hundreds feet to a pin, thence (4) south 83 degrees 26 minutes 10 seconds west, a distance of (330.62 ft.) three hundred thirty and

sixty two hundreds feet to a monument, thence (5) north 06 degrees 33 minutes 50 seconds west, a distance of (601.58 ft.) six hundred one and fifty eight hundreds feet to the monument which is the point and place of BEGINNING.

ALSO FORMERLY KNOWN as Lot 75C, Block 95 and now known as Lot 75.07, Block 95.03 on the current tax map of the Township of South Brunswick, Middlesex County, New Jersey.

TOGETHER with all the improvements, tenements and appurtenances now or hereafter erected on the property, and all easements, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, all leasehold rights of any kind, and all fixtures now or hereafter attached to or used in connection with the property, including but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, natural gas, water, air and light: and including but not limited to, all plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, washers, dryers, awnings, screens, blinds, shades, storm windows, storm doors, antennas, attached floor coverings, trees and plants: all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this instrument: and all payments at any time owing to the Borrower by virtue of any sale, lease, transfer, conveyance or condemnation of any part thereof or therein.

~~Borrower by virtue of any sale, lease, transfer, conveyance or condemnation of any part thereof or interest therein, all of which are herein collectively referred to as the "Property".~~

THIS MORTGAGE is also intended as a Financing Statement covering fixtures which are affixed or which may become affixed to the above-described property. The types of collateral covered hereby are described in the preceding paragraph.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

The Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property, and that the Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to easements and restrictions of record.

THIS MORTGAGE SHALL SECURE (a) payment of the Note in accordance with its term, including any extensions or renewals thereof, whenever the Note is held by either the Government or by an uninsured holder; (b) repayment, with interest, of any payments, advances and expenditures made by the Government pursuant to the terms of this or any other Loan Instrument; and (c) performance of every covenant and agreement of the Borrowers contained in this or any other Loan Instrument.

The Borrower, for itself, its successors and assigns, WARRANTS the title to Property (as construed in 46:9-2, N.J.S.A.) to the Government against the lawful claims of all persons whose claims are not based upon liens, encumbrances, easements or reservation specified above.

The Borrower, for itself, its successors and assigns, CONVENANTS AND AGREES as follows:

- (1) Borrower will promptly pay any indebtedness secured by this instrument when due.
- (2) Borrower will indemnify the Government against any loss which the Government may incur as a result of making payments to an insured holder of the Note after the Borrower's default.
- (3) Borrower will pay the Government any fees or other charges required under regulations of the Farmers Home Administration.
- (4) Borrower will pay when due all taxes, liens, judgments, encumbrances and assessments lawfully attaching to or assessed against the Property, and, without demand, will also provide the Government with proof of those payments.

BOOK 2765 PAGE 383

(5) Borrower will pay the Government for any expenses necessary or incidental to (a) the protection of the lien or priority of any Loan Instrument and to (b) the enforcement of compliance with the provisions of any Loan Instrument. "Expenses" includes (without limitation) costs of evidence of title, surveys, recording fees, attorneys' fees and trustees' fees, as well as court costs and expenses of advertising selling and conveying the property or any portion of it.

(6) Borrower will use the loan evidenced by the Note solely for the purposes authorized by the Government.

(7) Borrower will keep the Property insured as required by the Government and will deliver the originals of all insurance policies to the Government for safekeeping.

(8) Borrower will comply with all laws, ordinances and regulations affecting the Property and the conduct of Borrower's business operations.

(9) Borrower will maintain the Property in good repair and make any repairs the Government may require.

(10) Borrower will operate the Property in a good and efficient manner and will comply with management plans and practices which the Government may prescribe from time to time.

(11) Borrower will not abandon the Property; effect waste, lessing or impairment of the Property; or cut, remove or lease any timber, gravel, oil, gas, coal or other minerals.

(12) Borrower will not (except in the ordinary course of business) lease, assign, sell, transfer or encumber the Property or any non-expendable part thereof, voluntarily or otherwise, either in whole or in part, without the prior written consent of the Government.

(13) The Property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer.

(14) If at any time it shall appear to the Government that the Borrower may be able to obtain a loan from a production credit association, a federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the Borrower will, upon the Government's request, apply for and accept a loan in sufficient amount to pay the Note and any other indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such a loan.

(15) The Government may require the Borrower to make additional monthly payments equal to one-twelfth of the estimated taxes, assessments, insurance premiums and other charges upon the Property.

(16) The Government and its agents may inspect the Property at reasonable times to ascertain whether the Borrower is fulfilling its obligations under this or any other Loan Instrument.

(17) The Government may at any time pay as advances for the Borrower's account any amounts which the Borrower is obligated to pay under any Loan Instrument. The Government may exercise this right regardless of whether the Note is insured and regardless of whether advances exceed the face amount of the Note.

(18) All advances by the Government pursuant to the terms of this or any other Loan Instrument shall bear interest at the rate borne by the Note which bears the highest interest rate. Advances, together with interest accruing on them, shall be immediately due and payable by the Borrower at the place designated in the latest Note. Advances by the Government shall neither relieve the Borrower of its obligation to pay nor cure any default under any Loan Instrument.

(19) Except to the extent specified by the Government in writing, the Government in its sole discretion may grant an extension of the time for payment or modification of amortization of the indebtedness secured by any Loan Instrument, release any party from liability to the Government, release portions of the Property from the lien of any Loan Instrument, and waive any other Government right under any Loan Instrument without affecting the lien or priority of any Loan Instrument, or the liability of the Borrower or any other party for payment of the indebtedness secured by any Loan Instrument.

(20) The Government will not be bound by any present or future state laws (a) providing for valuation, appraisal, homestead or exemption of the Property; (b) prohibiting or restricting an action for deficiency judgment or limiting the judgment amount which may be awarded; (c) prescribing any statute of limitations; (d) allowing any right of redemption or possession following any foreclosure sale, or (e), limiting the conditions the Government may impose by regulation as a condition of approving a transfer of the Property to a new borrower. THE BORROWER WAIVES THE BENEFITS OF ANY SUCH STATE LAWS.

(21) Should the Borrower DEFAULT on any of its obligations under any Loan Instrument, merge, dissolve, be declared bankrupt or insolvent, or make an assignment for the benefit of creditors, without Notice the Government may (a) accelerate the entire indebtedness secured by this instrument by declaring it immediately due and payable; (b) charge the Borrower's account for any reasonable expenses which the Government may pay or incur to maintain and repair the Property; (c) process, operate and rent the Property; (d) have a receiver appointed for the Property who may exercise the usual powers of receivers in similar cases; (e) foreclose this and any other Loan Instrument and sell the Property; (f) enforce any and all other rights and remedies provided in the Loan Instruments or by future or present laws.

(22) Upon default by Borrower as aforesaid, the Government may foreclose this instrument as authorized or permitted by the laws then existing of the jurisdiction where the property is situated and of the United States of America, on terms and conditions satisfactory to the Government, including but not limited to foreclosure by (a) statutory power of sale, or (b) advertisement and sale of the property at public auction to the highest bidder in one or more parcels at the Government's option and at the time and place and in the manner and after such notice and on terms required by statute or determined by the Government if not contrary to statute, or (c) written agreement hereafter made between Borrower and the Government.

(23) Proceeds of a foreclosure sale pursuant to any Loan Instrument shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions of any Loan Instrument; (b) any prior liens required by law or a competent court to be paid; (c) all indebtedness to the Government secured by this instrument; (d) inferior liens of record required by law or a competent court to be paid; (e) at the Government's option, any other indebtedness of the Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the Property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(24) If the Government is the successful bidder at a foreclosure sale under any Loan Instrument, any portion of the purchase price not owed to a third party may be paid by crediting that amount on any debts of the Borrower which are owed to or insured by the Government.

(25) The rights and remedies provided in this instrument are cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, by statute or by regulation.

(26) A waiver, amendment, release or modification of this instrument may be effected only by a writing which has been duly executed by the Government and shall not be established by conduct, custom or course of dealing.

(27) This instrument shall be governed by federal law, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this instrument.

(28) Default under this instrument shall constitute a default under any other security instruments of the Borrower held or insured by the Government and default under any other security instrument constitutes default under this instrument.

(29) The invalidity or unenforceability of any portion of this instrument shall not effect the validity or enforceability of the remaining portion of this instrument.

(30) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

(31) Notices to the Borrower shall be sent to its address as shown on the first page of this instrument. Notices to the Government shall be addressed to the United States Department of Agriculture, Farmers Home Administration, One Vahsing Center, Robbinsville, NJ 08691. Notices shall be sent by certified mail (postage prepaid) unless otherwise required by law. The Government and the Borrower may designate any further or different addresses to which subsequent notices shall be sent.

(32) The borrower and any successors in interest agree to use the housing for the purpose of housing people eligible for occupancy as provided in Section 515 of Title V of the Housing Act of 1949 and FmHA regulations then extant during the 20 year period beginning July 16, 1982 (the date the loan is closed). No person occupying the housing shall be required to vacate prior to close of such 20 year period because of early repayment. The borrower understands that should an unsubsidized project be converted to subsidized within 15 years from the date the last loan on the project is closed, that the period will be increased by 5 years. The borrower will be released during such period from these obligations only when the Government determines that there is no longer a need for such housing or that Federal or other financial assistance provided to the residents of such housing will no longer be provided. A tenant may seek enforcement of this provision as well as the Government.

IN WITNESS WHEREOF, the Borrower has caused this Mortgage to be executed by its President and its corporate seal to be affixed and attested by its Secretary, all as of the date first written above.

THE MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT THE MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

(CORPORATE SEAL)

ATTEST: Robert Latimer By James E. O'Neil
~~xxxxxx~~ Robert Latimer Mr. James E. O'Neil
Secretary mer President

SOUTH BRUNSWICK COMMUNITY
DEVELOPMENT CORPORATION

ACKNOWLEDGEMENT

STATE OF New Jersey

) ss:

COUNTY OF Middlesex

On this 16th day of July, 1982 before me, appeared Mr. James E. O'Neil, to me personally known, who being by me duly sworn, did say that he is the President of the South Brunswick Community Development and that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that this instrument was signed and sealed on behalf of the corporation by authority of its governing board, and Mr. James E. O'Neil acknowledged the instrument to be the free act and deed of the corporation.

(NOTARIAL SEAL)

Nancy D. Ashwell
Notary Public
NANCY D. ASHWELL
A Notary Public of New Jersey
My Commission expires Nov. 20, 1986

My commission expires: _____

The form of this instrument was prepared by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of _____

Edward L. Webster, Jr., Esq.
NAME

Partner, Watson & Webster, Esqs.
Closing Attorneys
TITLE

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6138

82 JUL 16 P 3:19
BOOK 2765 PAGE 383

THE CLERK

Record and Charge to:

Water and Gas

P.O. Box 1185

New Brunswick, N.J. 08903

Return to:

Acting District Director
Federal Bureau of Investigation

10 Kingspock Road

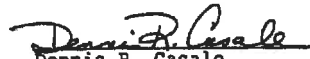
Clinton, N.J. 08809

JC 25

BOOK 2765 PAGE 392

5. PRIOR ROUND: REGAL POINT

Prepared by:


Dennis R. Casale
Attorney at Law of the
State of New Jersey

MASTER DEED

FOR

REGAL POINT, A CONDOMINIUM

THIS MASTER DEED ("Master Deed"), made this 2ND day of MARCH, 1988 by REGAL POINT, INC., a corporation of the State of New Jersey, having its principal office at 186 Princeton-Hightstown Road, P.O. Box 236, Princeton Junction, County of Mercer, State of New Jersey, 08550 ("Developer").

WHEREAS, Developer is the owner of the fee simple title to those lands and premises ("Development") in the Township of South Brunswick, County of Middlesex, State of New Jersey, more particularly described in Appendix "A" attached hereto and made a part hereof; and

WHEREAS, Development will include buildings in which there will be varying types of living units throughout the Development, and the Development will contain a total of fifty-three (53) living units, together with certain recreation facilities, driveways, walkways and other improvements all as are more particularly shown on that certain survey prepared by Tectonic, Consulting Engineers, Post Office Box 818, Route 22, Somerville, New Jersey 08876, attached hereto and made a part hereof as Appendix "B" and on those certain engineering plans attached hereto and made a part hereof as Appendix "C".

WHEREAS, Developer intends to establish the form of ownership of the Development as a condominium pursuant to the provisions of the New Jersey Condominium Act, N.J.S.A. 46:8B-1 et seq., under the name of "Regal Point, A Condominium"; and

WHEREAS, Developer has established or is about to establish Regal Point Condominium Association, Inc., a New Jersey not-for-profit corporation, for the administration, operation and management of the Development.

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THEREFORE, WITNESSETH:

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ARTICLE 1. ESTABLISHMENT OF CONDOMINIUM.
Developer does hereby submit, declare and establish in accordance with N.J.S.A. 46:8B-1 et seq. the condominium form of ownership for that parcel of land, together with the improvements located thereon, described in Appendix "A" aforesaid and as more particularly shown on Appendices "B" and "C."

ARTICLE 2. DEFINITIONS. For the purpose hereof, the following terms shall have the following meanings unless the context in which same is utilized clearly indicates otherwise:

Section 2.1 "Association" shall mean and refer to Regal Point Condominium Association, Inc., a New Jersey not-for-profit corporation, formed to administer, manage and operate the common affairs of the Owners of Units in the Development and to maintain, repair and replace the Common Elements and Facilities of the Development as provided in this Master Deed and the Bylaws.

Section 2.2 "Board" shall mean and refer to the Board of Directors of the Association and any reference herein or in the Certificate of Incorporation, Bylaws or Rules and

Regulations to any power, duty, right of approval or any other right of the Association shall be deemed to refer to the Board and not the Membership of the Association, unless the context expressly indicates to the contrary.

Section 2.3 "Building" shall mean and refer to all the enclosed structures containing Units, or recreational facilities. It shall also mean and refer to any other enclosed structure now or hereafter constructed upon the land described in Appendix "A" and shown on Appendices "B" and "C."

Section 2.4 "Bylaws" shall mean and refer to the Bylaws of the Association a copy of which document is attached hereto and made a part hereof as Appendix "D", together with all future amendments or supplements thereto.

Section 2.5 "Certificate of Incorporation" shall mean and refer to the Certificate of Incorporation of the Association.

Section 2.6 "Condominium Act" shall mean and refer to the provisions of N.J.S.A. 46:8B-1 et seq., and all applicable amendments and supplements thereto.

Section 2.7 "Common Elements and Facilities" shall mean and refer to the "common elements" (as defined by N.J.S.A. 46:8B-3(d)) of the Development.

Section 2.8 "Common Expenses" shall, subject to the provisions of ARTICLE 6 hereof, mean and refer to all those expenses anticipated by N.J.S.A. 46:8B-3(e), in addition to all expenses (including reserves) incurred or assessed by the Association, of its respective directors, officers, agents or employees, in the lawful performance of their respective duties or powers.

Section 2.9 "Developer" shall mean and refer to Regal Point, Inc., corporation of the State of New Jersey, its successors and assigns, and includes any successor Developer contemplated by ARTICLE 28 of this Master Deed.

Section 2.10 "Development" shall mean and refer to (i) all the lands and premises described in Appendix "A"; (ii) all improvements now or hereinafter constructed in, upon, over or through such lands and premises, whether or not shown on any Appendix hereto; and (iii) all rights, roads, bridges, waters, privileges and appurtenances thereto belonging or appertaining; and (iv) the entire entity created by the execution and recording of this Master Deed.

Section 2.11 "Federal Mortgage Agencies" shall mean and refer to those federal agencies who have or may come to have

an interest in the Development, including, but not limited to, the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, and the Federal Home Loan Bank Corporation, and the Government National Mortgage Association, or successors to their interests.

Section 2.12 "First Mortgagee" shall mean and refer to an Institutional Lender who holds the mortgage on a Unit and who has notified the Association of its holdings.

Section 2.13 "Founding Documents" shall mean and refer to the Certificate of Incorporation of the Association, the Association Bylaws, and this Master Deed, all as initially drawn by the Developer and filed and recorded as the case may be, and all as may be duly amended from time to time.

Section 2.14 "Governing Documents" shall mean and refer collectively and severally to the Founding Documents and the Rules and Regulations, as such may be amended from time to time.

Section 2.15 "Institutional Lender" shall mean and refer to any commercial or savings bank, mortgage banker, savings and loan association, trust company, insurance company, governmental agency, or other financial institution or pension fund, any other lender regularly engaged in financing the purchase, construction or improvement of real estate, or any assignee of loans made by such a lender.

Section 2.16 "Insurance Trustee" shall mean and refer to a trust individual or entity designated by the vote of a majority of the Board to hold in escrow in an interest bearing account any insurance proceeds in excess of \$50,000 payable to the Association as a result of loss due to fire or casualty.

Section 2.17 "Lease" shall mean and refer to any agreement for the leasing or rental of any Unit of the Development, including any sublease.

Section 2.18 "Master Deed" shall mean and refer to this instrument together with all future amendments or supplements hereto.

Section 2.19 "Member" shall mean and refer to a person or entity who is a record owner of an undivided interest in a Unit subject to this Master Deed, including contract sellers, but excluding persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2.20 "Owner" or "Unit Owner" shall mean and refer to those persons or entities in whom record title to any

Unit is vested as shown in the records of the Middlesex County Clerk. It shall include the Developer unless the context expressly indicates otherwise. But notwithstanding any applicable theory of mortgage, it shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title to any such Unit pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure. The term "Owner" shall not refer to any lessee or tenant of an Owner.

Section 2.21 "Permitted First Mortgage" shall mean and refer to any first mortgage lien encumbering a Unit held by a bank, mortgage banker, trust company, insurance company, savings and loan association, trust company, insurance company, pension fund, governmental agency, or other Institutional Lender or which is a purchase money mortgage held by the Developer or by the seller of a Unit.

Section 2.22 "Rules and Regulations" shall mean and refer to the rules and regulations duly adopted by the Association with all future amendments and supplements thereto.

Section 2.23 "Unit" shall mean and refer to a part of the Development designated and intended for independent ownership and use as a residential dwelling as more specifically described in ARTICLE 4 hereof. It shall not be deemed to include any part of the Common Elements and Facilities or Limited Common Elements and Facilities situated within or appurtenant to a Unit.

Unless the context clearly indicates otherwise, all definitions set forth in N.J.S.A. 46:8B-3 and any amendments thereto are incorporated herein by reference and the definitions set forth above shall be used in conjunction therewith.

ARTICLE 3. GENERAL DESCRIPTION OF DEVELOPMENT. The Development will include the lands described in Appendix "A" attached hereto, an aggregate of fifty-three (53) units located in the various Buildings, together with certain recreational facilities, driveways, walkways and all other site improvements all as show" on Appendices "B" and "C," and includes all rights, privileges, roads, bridges, waters and appurtenances thereto belonging or appertaining. Each of the aforesaid units is designated by the number of the Building in which it is located and by a separate number within each such Building all as is shown on Appendices "B" and "C."

ARTICLE 4. DESCRIPTION OF UNITS.

Section 4.1 The dimensions, area and location of the Buildings and all of the Units within the Development are as shown graphically on Appendices "B" and "C." Each Unit is

intended to contain all space within the area bounded by the interior surface of the perimeter walls of each Unit and the floor and the ceiling of each Unit , more fully described as follows:

4.1.1 BOTTOM: The bottom of each Unit is an imaginary horizontal plane through the lowest point of the exterior surface of each portion of subfloor or, if applicable, basement floor of the Unit, and extending in every direction to the point where it closes with a side of such Unit.

4.1.2 TOP: The top of each Unit is an imaginary plane along and coincident with the unfinished and unexposed surface of the roof sheathing or other material which forms the uppermost ceiling of the Unit and extending in every direction to the point where it closes with every side of such Unit.

4.1.3 SIDES: The sides of each Unit are imaginary vertical planes along and coincident with the innermost surface covering the studding of the perimeter walls. Where no wall exists, the side is an imaginary vertical plane along and coincident with the exterior surface of the windows or doors located on the perimeter of such Unit. The sides of each such Unit are bounded by the bottom and top of the Unit.

Section 4.2 Each Unit includes all built-in appliances, fixtures, hot water heater, doors, windows, interior walls and partitions, gypsum board and/or other facing material on the walls and ceilings thereof, the inner decorated and/or finished surface of the floors (including all flooring tile, ceramic tile, finished flooring, carpeting and padding). Each Unit also includes all other improvements which are exclusively appurtenant to such Units, although all or part thereof may not be located within the Unit. Each Unit shall include, but not be limited to the following individual appurtenances to the extent that same serve each individual Unit exclusively and not any other Unit or any portion of the Common Elements and Facilities, whether or not same are located within or without a Unit:

- 4.2.1 All of the heating, plumbing and ventilating system;
- 4.2.2 All electrical wires and all fixtures, switches, outlets and circuit breakers;
- 4.2.3 All telephone, master antenna, cable TV, and other wires, if any;

- 4.2.4 All utility meters not owned by the public utility agency supplying the service which exclusively serves the Unit;
- 4.2.5 All equipment, appliances, machinery, mechanical or other systems; and
- 4.2.6 All of the chimney flue, skylights, windows, patio doors and entrance doors.

Section 4.3 Interior partitions or nonbearing walls within the confines of each Unit may, from time to time, be removed or replaced, subject to the prior written approval of the Board. In the event an Owner does remove or replace any or all such interior partitions or walls, no amendment of the Master Deed will be necessary or required. No Unit may be partitioned or subdivided without the prior written approval of any Institutional Lender for such Unit and of the Board. None of the foregoing approvals shall apply to Developer prior to the conveyance of any Unit(s) affected to another Owner.

ARTICLE 5. DESCRIPTION OF COMMON ELEMENTS AND FACILITIES.

Section 5.1 Common Elements and Facilities.

All appurtenances and facilities and other items which are not part of the Units hereinbefore described in ARTICLE 4 or part of the Limited Common Elements and Facilities hereinafter described in Section 5.2, shall comprise the Common Elements and Facilities as graphically shown on Appendices "B" and "C", Page 1 through aforesaid. The Common Elements and Facilities shall also include by way of description but not by way of limitation:

- 5.1.1 All land shown on Appendix "B" aforesaid whether improved or unimproved;
- 5.1.2 All private streets, driveways, curbs, sidewalks and water detention and/or water retention basins, subject to the easements and provisions set forth in ARTICLE 9 hereof;
- 5.1.3 The parking spaces as shown on Appendix "B"; provided, however, that at a future date each Owner at the discretion of the Board of Directors may be assigned the right to the exclusive use of at least one parking space within the Development. The Board may make such assignment in accordance with any

applicable provisions of the Rules and Regulations. The Board may assign one parking space for each Unit which the Owner owns without any further consideration other than the purchase of the Unit. The Owner's right to use the assigned parking space shall be appurtenant to the Unit and shall terminate upon conveyance of title to such Unit. The Association shall be responsible for the care and maintenance of these parking spaces including snow removal to the extent the Board may deem appropriate;

- 5.1.4 The gazebo, play areas and any play apparatus, park benches, and other recreational facilities shown in Appendix B;
- 5.1.5 Lawn areas, shrubbery, dumpsters, walls, conduits, utility lines, cable communications lines, fences, monuments, and waterways, subject to the easements and provisions set forth in ARTICLE 9 hereof;
- 5.1.6 Public connections and meters for gas, electricity, telephone, water and cable communications not owned by the public utility or private company providing such services;
- 5.1.7 The roof, the foundations, footings, columns, girders, beams, supports, exterior or interior bearing or main walls;
- 5.1.8 Exterior lighting (other than that operated by a Unit Owner) and other facilities necessary to the upkeep and safety of the Buildings, parking lots, roads and grounds;
- 5.1.9 Any easement or other right which may now or hereafter be granted for the benefit of the Owners(s) or others for access to or use of the Common Elements and Facilities not included within the Development or for any other purpose;
- 5.1.10 All tangible personal property required for the operation, maintenance and administration of the Development which may be owned by the Association; and

- 5.1.11 All other facilities or elements of any improvement within any Building or on the Development, necessary or convenient to the existence, management, operation, maintenance and safety of the Development or normally in common use.

Section 5.2 Limited Common Elements

5.1 The Limited Common Elements shall be as graphically shown on Appendices "B" and "C.", and shall include by way of description and not by way of limitation:

- 5.1.1 Any balcony, terrace, patio or stoop to which there is direct access from the interior of an appurtenant Unit(s) and shall be for the exclusive use of such Unit(s); and
- 5.1.2 Any entrance porch flooring or porch posts; and
- 5.1.3 The fenced area to the rear of each Unit.

5.2 Each Unit Owner's right to use the Limited Common Elements appurtenant to his Unit or Building may not be transferred apart from the conveyance of title to the Unit.

5.3 The Owner of a Unit to which a Limited Common Element is appurtenant shall make repairs thereto caused by their own negligence, nuisance or neglect and shall be responsible for all landscaping, snow clearing and cleaning from any such Limited Common Element. Any other repairs or maintenance with respect to Limited Common Elements shall be the responsibility of the Association.

Section 5.3 Reserved Common Elements and Facilities.

The Board shall have the power in its discretion to:

- 5.3.1 designate from time to time certain Common Elements and Facilities as "Reserved Common Elements and Facilities";
- 5.3.2 grant reserved rights therein to the Association and to any or less than all of the Unit Owners; and
- 5.3.3 establish a reasonable charge to such Owners for the use and maintenance thereof.

Such designation by the Board shall not be construed as a sale or disposition of the Common Elements and Facilities.

ARTICLE 6. ESTATE ACQUIRED: INTEREST IN COMMON EXPENSES: INTEREST IN COMMON SURPLUS: VOTING: COMMON EXPENSES.

Section 6.1 The Owner of each Unit shall have such an estate therein as may be acquired by grant, by purchase or by operation of law and shall acquire as an appurtenance thereto an undivided percentage interest in the Common Elements and Facilities of the Development which shall not be divisible from the Unit to which it appertains. The percentage interest is set forth in Appendix "E" attached hereto and made a part hereof. These percentages shall remain fixed.

Section 6.2 This percentage interest shall be used to:

- 6.2.1 allocate the division of proceeds, if any, resulting from casualty loss, any eminent domain proceedings, any common surplus of the Association, or from any other disposition of the Development, except as otherwise provided in Article 32.
- 6.2.2 apportion the assessments for the Common Expenses of each Unit within the Development, except as otherwise provided in Article 32.

Section 6.3 This percentage interest shall not be utilized for the determination of voting rights of Owners in the Association, which shall be based upon one vote for each Unit.

ARTICLE 7. COVENANT FOR MAINTENANCE AND CAPITAL IMPROVEMENT ASSESSMENTS.

Section 7.1 It shall be an affirmative and perpetual obligation of the Board to fix Common Expense assessments in an amount at least sufficient to maintain the exterior of the Buildings and to maintain and operate the Common Elements and Facilities as contemplated by the Master Deed or Bylaws and as required by the Condominium Act and in any event for the maintenance, repairs, and replacement of those elements and improvements of the Common Elements and Facilities that must be replaced on a periodic basis. The amount of monies for Common Expenses of the Association deemed necessary by the Board and the manner of expenditure thereof shall be a matter for the sole discretion of the Board. The Board at its discretion, shall maintain adequate reserve funds for the maintenance, repairs, and

replacement of these Common Elements and Facilities that need maintenance, repairs and/or replacement on a periodic basis.

Section 7.2 Common Expense assessments shall be made for an annual period to be determined by the Board and shall be payable in monthly installments due on the first day of each month. The Board shall cause to be prepared at least thirty (30) days in advance of the due date of the first annual Common Expense installment, a list of the Units and the annual Common Expense assessment applicable thereto, according to the names of the Owners, which list shall be kept in the office of the Association and shall be open to inspection, upon request, by any Owner. Written notice of the annual Common Expense assessments shall be sent by mail or delivered to every Owner. If an annual assessment is not made as required herein, an assessment shall be presumed to have been made in the amount of the last prior year's assessment increased by ten percent (10%), and any installment of such annual assessment shall be due upon each installment payment date until a new annual Common Expense assessment is made.

Section 7.3 In the event the annual Common Expense assessment proves to be insufficient, the budget and assessment may be amended at any time by the Board, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency.

Section 7.4 In addition to the annual Common Expense assessments hereinbefore authorized, the Board may levy, in any assessment year, a special Common Expense assessment, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement or a described capital improvement upon or to the Common Elements and Facilities, including the necessary furniture, fixtures, equipment, and other personal property related thereto, or for any other lawful purpose, provided that if during any one year period, such Special Assessment(s) exceeds in the aggregate \$50,000, it shall receive the assent by the vote in person or by proxy of two-thirds (2/3) of the aggregate votes held by all of the members in good standing affected at a meeting duly called for such purpose. Written notice of such meeting shall be sent to all Owners at least thirty (30) days in advance, and which notice shall set forth the purpose of the meeting. The due date(s) of any special assessment, or any installment(s) thereof, shall be fixed in the resolution authorizing such special assessment. While the Developer maintains a majority of the Board, Developer shall make no additions, alterations, improvements or purchases not contemplated in this Offering which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

Section 7.5 Common Expenses shall be charged to Owners according to the percentage of Owners' respective undivided interest in the Common Elements and Facilities. The amount of Common Expenses charged to each Unit shall be a lien against such Unit. An Owner shall, by acceptance of title, be conclusively presumed to have agreed to pay his proportionate share of Common Expenses accruing while he is the Owner of a Unit. No Owner may exempt himself from liability for his share of Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or Facilities or by abandonment of his Unit or otherwise. The Association, upon resolution of the Board imposing a uniform late fee, may charge such a late fee for payments not made on the due date thereof.

Section 7.6 The Association shall have a lien on each Unit for any unpaid assessment duly made by the Association for a share of the Common Expenses or otherwise, together with interest thereon (at a rate not to exceed the legal rate as may be established by the Board, or if no rate is so established at twelve percent (12%) per annum) and reasonable attorneys' fees. Such lien shall be effective from and after the time of recording in the public records of the Middlesex County Clerk's Office of a claim of lien stating the description of the Unit, the name of the Owner, the amount due and the date when due. Such claim of lien shall include only sums which are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by the lien, the party making payment shall be entitled to a reasonable satisfaction of lien. All such liens shall be subordinate for any lien for past due and unpaid taxes, the lien of any mortgage to which the Unit is subject and to any other lien recorded prior to the time of recording the claim of lien.

Section 7.7 Upon any voluntary conveyance of a Unit, the grantor and grantee of such Unit shall be jointly and severally liable for all unpaid assessments pertaining to such Unit duly made by the Association or accrued up to the date of such conveyance without prejudice to the right of the grantee to recover from the grantor any amounts paid by the grantee. The grantor shall be exclusively liable for those accruing while he is the Owner.

Section 7.8 An Owner or prospective purchaser of a Unit may require from the Association a certificate showing the amount of unpaid assessments pertaining to such Unit. The Association shall provide such certificate within ten (10) days after request therefor. The Institutional Lender may request a similar certificate with respect to a Unit. Any person other than the Owner who relies upon such certificate shall be entitled to rely thereon.